

**R.06-04-009: Interim Greenhouse Gas (GHG) Performance Standard Workshop
June 21-23, 2006**

Location: Hiram Johnson State Building
(all sessions) San Diego Room
455 Golden Gate Avenue, San Francisco
NOTE: Start time is at 10am on Wednesday, and 9am on all other days

AGENDA

Wednesday June 21, 2006 – Policy Overview & Basic EPS Structure

- 10:00 - 10:30 Welcome, introductions, goals for the workshop
Rich Cowart, Regulatory Assistance Project
Administrative Law Judge Gottstein
- 10:30 – 11:30 Question 1¹: Should the Commission adopt an interim EPS to guide procurement decisions pending adoption of a long-term cap and trade program? Principal policy arguments, pro and con.
- 11:30 – 12:30 Question 1 continued: If the Commission decides to adopt an interim EPS, what goals are most important in guiding its design and implementation? (e.g., is it most important to maintain reliability, avoid “backsliding,” promote technological innovation, lower the cost of GHG reduction, implement quickly, etc.?) Discussion of the several goals advanced by the CPUC and participants thus far.
- 12:30 – 1:30 Lunch Break
- 1:30 – 2:00 Question 2: If an interim EPS is adopted, to which LSEs should it apply? Can it succeed if applied only to large IOUs? Should it apply to small ESPs or other LSEs?
- 2:00 – 2:45 Question 3: Over what time frame should the interim EPS be implemented? Should it be designed to end on a date certain, or extend to a point of performance (e.g., x months after implementation of a cap.), or indefinitely?
- 2:45 – 3:00 Break

¹ For additional detail on the scope of these questions, see Division of Strategic Planning, “Directions for Workshops on the Interim Greenhouse Gas Emissions Performance Standard for Electric Resource Procurement,” May 31, 2006.

3:00 – 5:00 Question 4: To which power sources should an EPS apply? Should it apply to all incremental additions, only the largest additions (in MW or MWH), or only major baseload additions over 5 years/3 years in length? How about QF contracts and system/unspecified power supplies? How should the rule treat Combined Heat and Power, and co-generation facilities?

Thursday, June 22 Standard-setting and Implementation Details

9:00 – 10:30 Question 5: What is the standard, and what is the technical basis for setting it? (Discussion of the appropriate benchmark(s), and whether there should be just a single measure, or different standards for different kinds of resources).

10:30 – 12:00 Question 6: Applying the standard to covered resources and determining compliance. How can compliance with the standard be determined? Will this be just an initial procurement requirement or will it impose a continuing obligation on LSEs to demonstrate that covered resources meet the standard in practice over time? Is averaging among different resources permitted or must every generator behind a power contract individually meet the standard?

12:00 – 1:00 Lunch Break

1:00 – 2:00 Question 7: Monitoring and enforcement. What compliance procedures, certification procedures, or verification rules (and what types of institutions) are needed to ensure the effectiveness of the standard in practice? Should compliance be enforced through penalties, and if so, how should they be set?

2:00 – 3:30 Question 8: Offsets, Safety Valves, and other flexibility devices. Should the EPS include a safety valve provision to relax its reach if costs rise too much, or if reliability seems likely to be impaired? Should explicit offsets be built into the program? Should the rule include provisions to hasten emission reductions at plants not otherwise covered by the EPS? Should the EPS address repowering of LSE-owned plants?

3:30 – 3:45 Break

3:45 – 5:00 Basic elements of a “Staff Straw Proposal” – At the end of this session, CPUC staff and the facilitator will discuss the elements of a “staff straw proposal” for an EPS, for elaboration and discussion the following day.

Friday June 23 -- EPS Design Summary and Implementation Issues

9:00 – 12:00 Discussion of Staff Straw Proposal and suggested refinements. In this discussion, participants will be asked: “Putting aside whether you support implementation of an EPS, if an EPS were created, what elements should it contain and how would you advise the Commission to administer it?”

Topics will include all of the basic elements discussed in the prior two days.

Basis for Action and Next Steps

1:00 – 2:30 Data reconnaissance: What high-level data (e.g., GHG trends, utility resource need projections, broad power market trends) does the Commission need to assess the essential impacts of the proposed EPS and to judge the likely effectiveness of the standard in meeting the highest-priority goals discussed throughout the workshop? Which key data points are now available vs. must be developed?

2:30 – 4:30 Other issues: Considering the general structure of the straw proposal and suggestions for its modification, what adoption and implementation issues do participants see for the Commission? How would an interim EPS be coordinated with other policy, regulatory, and planning initiatives underway in California now and in the near future? How does an EPS affect decisions being made in other key dockets? (e.g., procurement policies, IRP reviews, cap and trade design in Phase 2 of this Rulemaking). How does it connect with GHG-reduction initiatives underway in other agencies and sectors in California and the West?

4:30 – 5:00 Wrap-up, conclusions, and next steps.